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ABSTRACT

This longitudinal study investigated two issues regarding child poverty dynamics: whether long-run transitions out of poverty have changed and whether the events associated with exits from poverty have changed over time. The study contrasted mobility patterns of young children over the 1970s with patterns over the 1980s, examining which poor children had higher or lower mobility prospects and whether those mobility prospects changed over time. Finally, the study investigated how changes in family structure and in receipt of welfare income related to exits out of poverty and how they changed over time. Data came from the Panel Study of Income Dynamics, which gathers longitudinal information on offspring of the original 1967 sample of 5,000 families. Data analysis indicated that about half of the children who were in poor families at the start of each decade remained poor. For African American children and children in female-headed households, both the relative and the absolute mobility were considerably lower. Because there were no significant changes in mobility over time, the study concludes that there is no evidence that the increase in inequality during the 1980s, which contributed to the rise in poverty, was offset by an increase in mobility. Seven tables are included. (SM)

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Income Mobility and Exits from Poverty of American Children, 1970-1992

JCPR Working Paper 186

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Income Mobility and Exits from Poverty of American Children, 1970-1992

Peter Gottschalk and Sheldon Danziger

Introduction

The availability of longitudinal data has had a profound influence on the way analysts view poverty in the United States. Prior to the availability data from the Panel Study of Income Dynamics (PSID), which started in 1968, researchers and the press assumed that poverty was a relatively permanent condition from which few people managed to escape.

The pioneering work of Bane and Ellwood (1986) challenged these stereotypes by showing that a majority of spells were in fact quite short. For example, they found that 45 percent of persons who were just beginning a spell of poverty (i.e., they were not poor last year, but were poor in the current year), would be in poverty for only one year; only 12 percent would be poor for ten or more years. They also showed that most of those who are poor in a given year are in the midst of a long spell of poverty, that is about half of all persons identified as poor in a cross-sectional survey are in the midst of poverty spell that will last 10 years or more.

This new conventional wisdom viewed poverty (and welfare participation) as a transitory state for most, and a permanent situation for only a small percentage of the total population. Some analysts even questioned the importance of poverty as a social problem. They assured that mobility would have two saluatory effects. First, it would reduce the pain to those families that experienced a poverty spell, as their incomes would ultimately rise above the poverty threshold. Second, mobility would spread the pain across many families by insuring that the same set of families did not bear the brunt of poverty year after year.

The view that poverty was largely a transitory phenomena brought into question the social importance of America's current high childhood poverty rates. These childhood poverty rates are not only high compared to those in other advanced industrial nations, but also high relative to rates achieved in the U.S. a quarter of a century earlier.

Figure 1 shows the official Census Bureau poverty rates between 1966 and 1997 for children, persons 18 to 64, and persons 65 years and older.[1] Children had poverty rates that were roughly two-thirds as high as the rates facing the elderly in 1966. In contrast, by 1997, children had the highest poverty rates (19.9 percent) and these rates were roughly twice as high as those facing the elderly (10.5 percent). The poverty rate of children hit an all time low of 14.0 percent in 1969 and then began to increase. Over the same period, poverty among its elderly began to decline. Twenty-eight years later, in 1997, 19.9 percent of children were poor.

These cross-sectional poverty rates may overstate the extent of hardship if most children do not remain in the same place in the income distribution in successive years. If a family's low income in one year is offset by high income in another year and *if* the family is able to save or borrow in order to cover expenses when income is low, then poverty rates based on a single year of income will overstate the problem. On the other hand, poverty rates based on yearly income may understate the extent of poverty if families cannot smooth expenses within the year. Receiving income at the end of the year may raise yearly income above the poverty line, but may do little to offset low income and serious hardship during previous months.

Even if multiple-year income is the appropriate accounting period for measuring poverty, it is still not true that the *level* of mobility is relevant to discussion of *changes* in poverty. It is only *increases* in mobility that can offset the effects of *rising* yearly poverty rates among children. In other words, if the mobility rate of poverty for children did not increase in recent years, the current higher child poverty rate means that children are worse off than they were in the late-1960's.

To address this issue, we focus on two major questions about child poverty dynamics. The first is whether long-run transitions out of poverty have changed. The second is whether the events associated with exits from poverty have changed.

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[1] These poverty rates from tabulations of the Current Population Surveys are based on the official U.S. poverty lines. While the Panel Study of Income Dynamics, which we use in our study, shows lower poverty rates the trends are similar.

Approach

Examining changes in mobility over time requires that we contrast the experiences of at least two different cohorts of children. We contrast the mobility patterns of young children over the 1970's to patterns for young children over the 1980's.[2] We also examine which poor children have higher or lower mobility prospects (i.e. children classified by their family structure and race) and whether these mobility prospects have changed over time. Then we focus on how changes in family structure and changes in receipt of welfare income are associated with exits out of poverty and how they have changed over time.

Data Set

We use data from the Panel Study of Income Dynamics which continues to gather longitudinal information on the offspring of the original 1967 sample of 5000 families.[3] By properly using sampling weights, these data form a nationally representative sample of the US population at the start of the panel[4].

Although the PSID is the most appropriate data set for this project, it has weaknesses as well as strengths. Strengths include the long period covered (over twenty-five years) and the availability of income and demographic data on both parents and their offspring, even when the members of the original households form or enter new households. The major disadvantages are the availability of information only on annual money income and the potential bias introduced by the high attrition rates (less than half of the children of the original sample families are still in the panel.) Attrition, however, need not lead to bias if the remaining sample is still representative of the US population. In recent work, Fitzgerald, Gottschalk and Moffitt (1998b) show that the characteristics of the non-attriting children in the PSID are remarkably similar to those of a corresponding cohort of children

[2] Our focus is on mobility status ten years apart. For discussion of year-to-year transitions, see Ashworth, Hill and Walker (1994).
[3] We use data from both the Survey Research Center (SRC) random sample and the Survey of Economic Opportunities (SEO) over-sample of low-income families.
[4] Because the PSID follows offspring of the original sample families, it does not include immigrants who entered the United States after 1968 or their offspring. For a discussion of these issues see Fitzgerald, Gottschalk and Moffitt (1998a and 1998b).

drawn from the Census Bureau's annual Current Population Survey (CPS). Even though they find that families who experienced fluctuations in earnings were more likely to attrite, they conclude that these differences are small and are unlikely to have a qualitatively important impact on estimates of mobility.

ANALYSIS

We measure income mobility over childhood by following two cohorts of children from the time they are between the ages of 0 to 5 until they reach the ages of 10 to 15. The first cohort includes children who were 0 to 5 in 1970-72 (and were 10 to 15 in 1980-82).[5] The second cohort includes children who were 0 to 5 in 1980-82 (and were 10 to 15 in 1990-92). Contrasting the experience of these two cohorts allows us to see whether transitions out of poverty differed between the 1970's and the 1980's. We know, for example, that the annual rate of child poverty has increased over these years, but we do not know how mobility out of child poverty has changed.[6]

We classify each child according to the income-needs ratio of the family in which he or she resides[7]. The income-needs ratio for a child varies as needs (family-size) and family income change. Most of our analysis classifies children according to the three-year average income-needs of the family in which they reside (in 1970-72 and 1980- 82 for the first cohort, 1980- 82 and 1990- 92 for the second cohort). This implicitly assumes a very long accounting period, as children are counted as poor only if their average three-year income is less than their poverty line. Because low-income families are unlikely to be able to smooth over such a long period, we also show results for a one-year accounting period. Shortening the period results in a greater poverty rate in each year, as some children are poor only on a one-year basis[8]. On the other hand, shortening the accounting period increases mobility, since fluctuations within the three-year period is a form of short-term mobility (which may be important to low income people who cannot save or borrow to smooth consumption across a longer period).

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[5] We use a three-year period to increase sample size and to eliminate transitory fluctuation in earnings.
[6] For a discussion of the causes of the increase in child poverty, see Danziger, Danziger and Stern, 1997.
[7] We use the same equivalence scales as those used as part of the official poverty lines for different family sizes in the US.

For each cohort, we construct transition matrices based on both relative and absolute income-needs thresholds. Relative measures of mobility classify children according to their position in the distribution of income-needs ratios. For example, these transition tables show the proportion of children who move from the lowest quintile to the second, third, and other quintiles. Because each quintile includes 20 percent of all children, any movement out of a quintile must be matched by a movement into that quintile. There cannot be net upward or downward mobility under this relative measure. Relative mobility, therefore, captures the notion that children change their rank position in the income distribution. In contrast, absolute thresholds are based on income-needs ratios that are fixed in real terms, so it is possible for more children to move out of the lowest grouping. Absolute measures of mobility can show greater exits than entries into poverty, with the result that the net outflow led to a reduction in poverty.

Our two measures of mobility correspond to different theoretical conceptions. *Relative* mobility tells us the extent to which children change places in the income distribution over time. A society with little relative mobility might be labeled a static society, as there is little chance of changing relative places in the distribution of income. This measure is independent of whether there is economic growth in this society. If all incomes grow but everyone keeps their position (or rank) in the distribution of income, then there is no relative mobility.

Absolute mobility is consistent with the concepts exemplified by the popular statement that "prosperity brings upward mobility." As commonly used, this implies that economic growth raises average living standards for families at all points in the income distribution. However, it reveals nothing about relative mobility because it does not tell us whether those children who started at the bottom of the distribution stayed there or whether they moved up relative to other children. Statements about absolute mobility are almost always about changes in the mean of the income distribution, not about changes in the degree of persistence in income positions. Consider, for example, how mobility would be affected if rapid economic growth produced a doubling in the real

[*] Low incomes are offset by sufficiently higher income in the other two years that their three-year average income is above their poverty line.

income of every family. An absolute measure of mobility would indicate that low-income families had experienced upward mobility as they moved into higher income categories. However, there would be no change in a measure of relative mobility because all families would have maintained their initial place in the distribution.

We use changes in poverty status as our measure of absolute mobility. Transitions out of poverty can reflect either changes in relative positions (children who escape from being the poorest are replaced by children who become the poorest children) or economic growth, where there is a net decrease in the number of children below the poverty line.

Extent of Mobility

The first part of the paper documents the extent of mobility -- the proportion of children who made transitions, and changes in mobility -- how these transitions differed between the two cohorts. The second part of the paper focuses specifically on children who made successful transitions either out of poverty or out of the bottom quintile of the family income-needs distribution. We show how mobility differs among children classified by family composition (e.g. whether or not they live with a single parent) and income sources (e.g. whether or not they received welfare.)

Relative Mobility

Table 1 shows the extent of relative mobility for our two cohorts. Children are classified into five quintiles based on their relative income-to-needs ratios in each period. For example, the first row of the first panel includes those children who were in the bottom twenty percent of the income/needs distribution in the early 1970's.[9] The columns in this first row show how these children (who started at the bottom of the distribution) fared ten years later. About three-fifths (59.9 percent) were still in the bottom quintile. An additional 25.3 percent had moved to the second quintile. But only a handful (1.1 percent) had moved to the top quintile. Likewise, about three-fifths (56.8 percent) of those children who started in the highest quintile in the early 1970's (bottom row, last column of the first panel) were still in the highest quintile ten years later. And most of the highest-income children who did change quintiles fallen only to the next highest quintile.

The second panel in Table 1 shows the comparable transition matrix for the cohort of children who were 0 to 5 in the early 1980's. The third panel shows the change in transition rates and whether these changes are large enough to be statistically significant.[10]

The second panel shows that about three-fifths (60.4 percent) of children in the lowest quintile in the early 1980's were still in the lowest quintile in the early 1990's. The .5 percent increase in the probability of staying in the lowest quintile (60.4 minus 59.9) is not significantly different from zero. There was a small increase in the probability that a child who started in the lowest quintile would move into the second quintile (from 25.3 to 27.2) but this decline in mobility, and almost all others, are also not statistically different from zero. There was certainly no increase in relative mobility across the two cohorts.

Table 1 shows that while there is some income mobility during childhood, children who started at the bottom of the distribution tended to remain there ten years later. And children who started at the top of the distribution seldom fell very far. For example, consider those children who started in the lowest quintile in 1980-82 (first row, all columns, second panel) – 87.6 percent of them were in either the lowest or next to lowest quintile ten years later (60.4 plus 27.2). Likewise, among these children who were in the top quintile in 1982 (bottom row, all columns, second panel), 88.7 percent were in the top two quintiles ten years later.

Not surprisingly, the overall transition rates in Table 1 differ across economic and demographic categories. This is shown in Table 2, which focuses on the probability that children who were in the lowest quintile when they were 0-5 years of age either remained in that quintile or in the two lowest quintiles when they were 10-15 years of age [11]. Again there are three panels -- the top two show transition rates for the two cohorts. The bottom panel shows the resulting change in transition rates and whether these changes are significantly different from zero.

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[9] Classification is based on the three-year average income/needs ratio in 1970-72.
[10] In all tables * represents significance at the 10 percent level, **, at the 5 percent level and *** at the one percent level.
[11] The quintiles in Table 2 are based on the distribution of family income to needs ratios of all children.

The differences across economic and demographic groups in each cohort are striking.[12] For example, white children who were in the lowest quintile in the early 1970's had a 50.7 percent chance of remaining in the lowest quintile ten years later. For black children the probability of staying in the lowest quintile is 77.1 percent and the probability of staying in the first or second quintile is a full 94.8 percent, both of which are significantly greater than for whites[13]. Thus, only 5.2 percent of all young black children starting in the lowest quintile managed to move into the third or higher quintile by the time they entered their teens.

Among young children in the lowest quintile who lived in families that received welfare in the early 1970's, only 2.3 percent managed to escape beyond the second decile[14]. Likewise, children living in single parent families (and in the lowest quintile) had only a 6.4 percent chance of escaping beyond the second quintile.[15]

While differences across demographic groups are all statistically significant, only one demographic group (families receiving welfare) experienced a significant change between the 1970's and 1980's. Therefore, as in Table 1, there was no substantial increase in mobility for children classified by race or family structure.

Absolute Mobility

Table 3 classifies children according to fixed income/needs categories: less than 1, 1.0 to 1.5, 1.5 to 2.5 and over 2.5 times the poverty line. Using these absolute cutoffs makes it possible for every child to escape from the lowest income group if her/his income increases sufficiently. We use an income/needs ratio of 1 to differentiate between poor children (i.e. those children in families with

[12] The first row shows transition rates for all children and can be derived directly from the first row in each panel in Table 1.

[13] There are not a sufficient number of children of other races to calculate precise mobility rates.

[14] A family is classified as receiving welfare if it received Aid to Families with Dependent Children or "other welfare" in 1971.

[15] Single parenthood is determined by marital status of the head of the household. A large majority of these heads are the parents of the children we study. However, in some cases the household head is unmarried, but not necessarily the parent of the child. Marital status was miscoded for some families in the early years of the PSID. The marital status variable for our sample in the years we study is consistent with other measures (based on presence of a wife) in all but a small proportion of the cases (less than .5 percent).

income/needs below 1) and near-poor children (i.e. those with income/needs above 1 but below 1.5). The cutoff 2.5 is used to insure that a sufficient number of children are in the highest groups[16].

Table 3 shows that patterns of absolute mobility are not very different from those of relative mobility. The top row of the top panel shows that the probability of a poor young child escaping poverty between the early 1970's and the early 1980's is 43.2 percent (100 minus 56.8). For the second cohort (second panel) the probability of escaping was 51.2, which is not significantly different than for the first cohort. Rising real mean incomes over the decades, did lower the three-year poverty rate for the first cohort of children from 13.1 percent in the early 1970's to 11.6 percent in the early 1980's, but this did not insure that all children experienced real increases in income needs[17]. For example the second row of each panel shows the distribution of the near poor (children in families with income 1 between 1.5 times their poverty lines) at the start of the decade. The first column in the top panel shows that 23.3 percent of the near poor in the early 1970's fell into poverty by the early 1980's, despite a decline in the overall poverty rate. Likewise, 6.7 percent of children in households with income needs between 1.5 and 2.5 the poverty line at the start of the decade, were poor by the end of the decade. This illustrates how the stock of children in poverty is the result of flows both in and out of poverty. The bottom panel of Table 3 shows that absolute mobility did not significantly increase across the two cohorts for most groups of children. Of the 16 transition rates only one shows a significant decline in mobility and two show significant increases.

Table 4 shows how these absolute mobility rates differed by economic and demographic categories. Again, for each cohort, there are substantial differences across groups. For example, 67.6 percent of poor black children in the early 1970's were also poor ten years later and 89.8 percent were either poor or near poor. This is significantly higher than the rates for whites. Likewise, 80.4 percent of children in poor single parent households were either poor or near poor a decade later.

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[16] For the 1970 cohort, 13.1 percent were poor, 16.2 percent were near poor, 33.2 percent were in the next higher category and 37.6 percent had income/ needs over 2.5.

[17] These figures for the marginal distributions are not shown in the table.

Turning to changes in mobility we see that there was a small decline in the probability of remaining poor for the 1980's cohort relative to that of the 1970's cohort (column 1). However, the change for all children is not significantly different from zero and only one demographic group (children in two parent families) shows a significant decline in the probability of remaining poor.

Thus, far we have used a three year average of income/ needs ratio for each family in order to focus on changes in permanent income. This, however, eliminates mobility associated with short-run fluctuations in income that may at least give temporary respite from poverty. Table 5, therefore, shows mobility rates based on single year incomes. As expected, fewer children stay in poverty, but the differences between Table 3 and 5 are not large. Table 3 showed that 56.8 percent of children with income needs below 1 (based on a three-year average) were still poor ten years later. Table 5 shows that using a one-year measure of income reduces this only to 43.7. Likewise inflows into poverty are greater but again the differences are not large. The changes across cohorts in the rates of mobility show that the persistence of poverty increased significantly over time from 43.7 for the 1970's cohort to 55.8 percent for the 1980's cohort. Likewise the probability that a child in the highest income category remained in that category increased from 69.8 to 81.0 percent.

Thus, whether one uses one-year or three-year measures of income, and whether one uses absolute or relative measures of mobility, we find similar patterns. A substantial proportion of children remain at the bottom of the distribution, even over a ten year period. These mobility rates differ significantly across demographic groups but they have not changed very much over time.

Events Associated with Exits from Poverty

Thus far we have focused on the extent of mobility and changes across the two cohorts. We now turn to events associated with exits from absolute poverty for two disadvantaged groups of children -- those living in single parent households and those living in households receiving welfare. We examine the extent to which these children, a decade later, were still living in single parent families or in households receiving welfare. We also examine how the probability of escaping poverty changed when there was a change in household headship or a change in welfare receipt.

Throughout this discussion we treat these as events *associated* with exits from poverty, not as *causes* of changes in poverty, because the latter implies causation. For example, the cause of the decrease in poverty may be the increased earnings of a family member, which may allow the family both to exit poverty and to either leave welfare or get married. The distinction between association and causation is particularly important when examining mobility. It would be inappropriate to conclude that an association between welfare receipt and escape from poverty implies that having a family leave welfare increases its probability of escaping poverty. More likely some intervening factor occurs (e.g. an increase in earnings) which results in both an exit from welfare *and* an escape from poverty.

Table 6 shows results for the first cohort, those between the ages of 0 and 5 in 1970-1972. The first row shows that 23.4 percent of these living in a single parent family in 1991 were living in two-parent households a decade later. Children who moved to a two-parent family had a higher chance of escaping poverty than those who continued to live with a single parent. The probability that a poor child who moved to a two-parent family escaped poverty was 51.1 percent, compared to only 29.6 percent for those remaining with a single parent. The net result of these changes in family structure and different escape rates is that 34.6 percent of all poor children living in single parent households in the early 1970's were not poor a decade later.[18]

Comparing across columns shows substantial differences between blacks and whites. During the 1970's, white children had a considerably higher probability of having a change from a single to two-parent family (48.1 versus 12.2 percent). If they stayed in a single parent family they also had a greater chance of escaping from poverty (43.0 versus 25.3 percent). On the other hand, black children had a higher chance than white children of escaping poverty if they made the transition from a single parent family to a two parent family by the end of the decade (67.9 versus 42.6 percent).

[18] Note that the probability of exit is completely determined by the other three elements (i.e., .346=.234*.511+(1-.234)*.296, corresponding to the rate shown in Table 4, 1-.653).

The bottom panel of Table 6 presents a comparable analysis for children in poor families who received welfare in 1971. Only about 31 percent of them escaped poverty by 1981 (35.5 percent of whites; 25.3 percent for blacks), despite the fact that almost half were not receiving welfare in that year. This reflects the fact that 43.9 percent of children whose families no longer received welfare remained poor. Thus, even though the probability of exiting poverty is much greater for those no longer receiving welfare than for those receiving welfare (43.9 v.12.3 percent), having events associated with leaving welfare gives no assurance of leaving poverty.

Table 7 repeats this analysis for the second cohort. Almost all of the patterns are the same, with one major exception. For whites, the probability that a young child living in a poor single-parent family escaped poverty over the next ten years fell from .428 in the first cohort to .380 in the second, whereas the escape rate increased from .305 to .405 for blacks. This change for whites reflects both a decline in the probability that a child living in a one-parent family was living in a two parent family (from .481 to .462), and by a decline in the probability of escape from poverty if the child remained in a single-parent family (from .430 to .211).

Summary

Economic growth was greater in the 1980's than in the 1970's, yet child poverty in the US actually increased. This was largely the result of the increase in inequality that accompanied the economic growth.[9] The resulting high poverty rates could, however, have been accompanied by an increase in mobility which would have reduced the probability that a child would remain poor.

This paper has explored both the extent of and change in both absolute and relative mobility. Roughly half of the children who were in poor families at the start of each decade remained poor. For black children and children in female headed households, both the relative and absolute mobility are considerably lower.

Our comparison of mobility during the 1970's and the 1980's shows no significant changes over time. There is, therefore, no evidence that the increase in inequality during the 1980's, which contributed to the rise in poverty, was offset by an increase in mobility.

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[9] See Danziger and Gottschalk (1995).

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Table 1
Relative Mobility of Two Cohorts of Children

Children 0 to 5 in 1970

Family Income/Needs Quintiles in 1970-1972	Family Income/Needs Quintiles in 1980-1982: First Quintile	Second Quintile	Third Quintile	Fourth Quintile	Fifth Quintile	
First Quintile	59.9	25.3	9.3	4.4	1.1	100
Second Quintile	25.1	32.1	21.8	16.3	4.7	100
Third Quintile	7.8	24.0	37.4	22.6	8.2	100
Fourth Quintile	4.0	15.1	19.2	33.5	28.2	100
Fifth Quintile	2.4	4.1	12.0	24.7	56.8	100

Children 0 to 5 in 1980

Family Income/Needs Quintiles in 1980-1982	Family Income/Needs Quintiles in 1990-1992: First Quintile	Second Quintile	Third Quintile	Fourth Quintile	Fifth Quintile	
First Quintile	60.4	27.2	7.5	3.5	1.4	100
Second Quintile	24.3	40.3	20.7	9.9	4.8	100
Third Quintile	12.5	20.9	29.7	29.8	7.2	100
Fourth Quintile	3.5	10.5	31.2	29.5	25.3	100
Fifth Quintile	0.5	1.2	9.7	27.9	60.8	100

Change

	First Quintile	Second Quintile	Third Quintile	Fourth Quintile	Fifth Quintile	
First Quintile	0.5 (4.87)	1.9 (4.51)	-1.8 (2.72)	-0.9 (2.07)	0.3 (1.03)	0
Second Quintile	-0.8 (4.19)	8.2* (4.87)	-1.1 (4.07)	-6.4* (3.40)	0.1 (2.31)	0
Third Quintile	4.7 (3.14)	-3.1 (4.19)	-7.7 (4.79)	7.2 (4.61)	-1.0 (2.61)	0
Fourth Quintile	-0.5 (1.95)	-4.6 (3.47)	12.0*** (4.53)	-4.0 (4.93)	-2.9 (4.70)	0
Fifth Quintile	-1.9 (1.20)	-2.9 (1.56)	-2.3 (3.31)	3.2 (4.67)	4.0 (5.26)	0

Table 2
Probability of Remaining in Lowest or Two Lowest Quintiles

	Probability of remaining in lowest quintile	Probability of remaining in two lowest quintiles
1971-1981		
All	59.9	85.2
Whites	50.7	77.8
Blacks	77.1	94.8
Difference	-26.4***	-17.1***
	(6.25)	(4.40)
Not a single parent in 1971	55.1	82.4
Single parent in 1971	74.7	93.6
Difference	-19.6***	-11.2**
	(6.42)	(4.39)
Not receiving welfare in 1971	48.7	77.4
Receiving welfare in 1971	77.9	97.7
Difference	-29.2***	-20.3***
	(6.13)	(3.81)
1981-1991		
All	60.4	87.5
Whites	46.9	82.2
Blacks	77.7	92.0
Difference	-30.9***	-9.8**
	(6.78)	(4.82)
Not a single parent in 1981	51.6	87.0
Single parent in 1981	70.7	86.2
Difference	-19.1***	-1.2
	(7.19)	(4.86)
Not receiving welfare in 1981	53.2	84.2
Receiving welfare in 1981	69.1	91.6
Difference	-15.9**	-7.4
	(7.33)	(4.64)
Change		
All	0.5	2.3
	(4.86)	(6.63)
Whites	-3.8	4.5
	(7.29)	(5.79)
Blacks	0.6	-2.8
	(5.64)	(3.02)
Not a single parent	-3.5	4.6
	(6.30)	(4.48)
Single parent	-4.0	-5.4
	(7.30)	(4.78)
Not receiving welfare	4.5	6.8
	(6.28)	(5.16)
Receiving welfare	-8.8	-6.1**
	(7.20)	(3.06)

Table 3a
Absolute Mobility of Two Cohorts of Children

Children 0 to 5 in 1970

Family Income/Needs in 1970-1972	Family Income/Needs in 1980-1982				
	Inc/Needs < 1	1<Inc/Needs<1.5	1.5<Inc/Needs<2.5	Inc/Needs>2.5	
Inc/Needs < 1	56.8	24.2	17.1	1.9	100
1<Inc/Needs<1.5	23.3	32.6	32.8	11.2	100
1.5<Inc/Needs<2.5	6.7	12.7	43.1	37.4	100
Inc/Needs>2.5	0.8	4.5	16.4	78.3	100

Children 0 to 5 in 1980

Family Income/Needs in 1980-1982	Family Income/Needs in 1990-1992				
	Inc/Needs < 1	1<Inc/Needs<1.5	1.5<Inc/Needs<2.5	Inc/Needs>2.5	
Inc/Needs < 1	48.8	18.6	26.0	6.7	100
1<Inc/Needs<1.5	19.3	32.5	28.2	19.9	100
1.5<Inc/Needs<2.5	7.9	8.0	44.8	39.3	100
Inc/Needs>2.5	0.0	2.6	12.5	84.8	100

Change

	Inc/Needs < 1	1<Inc/Needs<1.5	1.5<Inc/Needs<2.5	Inc/Needs>2.5	
Inc/Needs < 1	-8.0	-5.6	8.9	4.8*	0
	(6.11)	(4.91)	(5.44)	(2.55)	
1<Inc/Needs<1.5	-4.0	-0.1	-4.6	8.7**	0
	(4.41)	(5.41)	(5.29)	(4.26)	
1.5<Inc/Needs<2.5	1.2	-4.7**	1.7	1.9	0
	(2.07)	(2.30)	(3.94)	(3.87)	
Inc/Needs>2.5	-0.8	-1.9	-3.9	6.5**	0
	(0.55)	(1.37)	(2.59)	(2.87)	

Table 4
Probability of Remaining Poor or Near Poor

	Probability of remaining poor	Probability of remaining poor or near poor
1971-1981		
All	56.8	81.0
Whites	50.9	73.0
Blacks	67.6	89.8
Difference	-16.7**	-16.8**
	(8.28)	(6.68)
Not a single parent in 1971	53.1	81.3
Single parent in 1971	65.3	80.4
Difference	-12.2	0.9
	(7.62)	(6.66)
Not receiving welfare in 1971	44.7	72.7
Receiving welfare in 1971	68.8	89.3
Difference	-24.1***	-16.7***
	(7.58)	(6.11)
1981-1991		
All	48.8	67.4
Whites	39.4	55.5
Blacks	62.8	81.5
Difference	23.4**	-26.0***
	(9.71)	(9.24)
Not a single parent in 1981	35.0	58.7
Single parent in 1981	60.7	74.8
Difference	-25.7***	-16.1*
	(8.98)	(9.24)
Not receiving welfare in 1981	34.2	61.3
Receiving welfare in 1981	59.5	71.8
Difference	-25.3***	-10.5
	(8.84)	(9.32)
Change		
All	-8.0	-13.7*
	(6.11)	(7.84)
Whites	-11.5	-17.5*
	(10.31)	(9.82)
Blacks	-4.8	-8.4
	(7.51)	(5.78)
Not a single parent	-18.1**	-22.6***
	(8.13)	(8.19)
Single parent	-4.6	-5.6
	(8.52)	(7.90)
Not receiving welfare	-10.5	-11.4
	(8.06)	(8.69)
Receiving welfare	-9.3	-17.5**
	(8.40)	(6.38)

Table 5-One Year Income/Needs
Absolute Mobility of Two Cohorts of Children

Children 0 to 5 in 1970

Family Income/Needs in 1971	Family Income/Needs in 1981				
	Inc/Needs < 1	1<Inc/Needs<1.5	1.5<Inc/Needs<2.5	Inc/Needs>2.5	
Inc/Needs < 1	43.7	28.8	16.4	11.1	100.0
1<Inc/Needs<1.5	23.8	31.3	27.4	17.5	100.0
1.5<Inc/Needs<2.5	10.0	14.3	33.5	42.3	100.1
Inc/Needs>2.5	3.7	4.0	22.5	69.8	100.0

Children 0 to 5 in 1980

Family Income/Needs in 1981	Family Income/Needs in 1991				
	Inc/Needs < 1	1<Inc/Needs<1.5	1.5<Inc/Needs<2.5	Inc/Needs>2.5	
Inc/Needs < 1	55.8	18.9	17.4	7.9	100.0
1<Inc/Needs<1.5	21.5	27.3	34.9	16.3	100.0
1.5<Inc/Needs<2.5	6.6	10.7	42.6	40.1	100.0
Inc/Needs>2.5	0.8	3.5	13.9	81.9	100.1

Change

	Inc/Needs < 1	1<Inc/Needs<1.5	1.5<Inc/Needs<2.5	Inc/Needs>2.5	
Inc/Needs < 1	12.1**	-9.9**	1.0	-3.2	0.0
	(5.67)	(4.79)	(4.51)	(3.56)	
1<Inc/Needs<1.5	-2.3	-4.0	7.5	-1.2	0.0
	(5.20)	(5.90)	(5.98)	(4.74)	
1.5<Inc/Needs<2.5	-3.4	-3.6	9.1**	-2.2	-0.1
	(2.43)	(2.77)	(4.38)	(4.47)	
Inc/Needs>2.5	-2.9**	-0.5	-8.6***	12.1***	0.1
	(1.16)	(1.49)	(3.11)	(3.44)	

Table 6
Events Associated with Exits from Poverty between 1971 and 1981

Children in poor families with single parents in 1971	All	Whites	Blacks
Pr(become two-parent in 1981)	0.235	0.481	0.122
	(0.057)	(0.130)	(0.052)
Pr(exit pov|became 2-parent)	0.511	0.427	0.680
	(0.149)	(0.202)	(0.175)
Pr(exit pov|stayed single parent)	0.296	0.431	0.253
	(0.058)	(0.174)	(0.060)
Pr(exit poverty)	0.347	0.429	0.305
	(0.058)	(0.128)	(0.064)
Children in poor families with welfare recipients in 1971			
Pr(getting off welfare in 1981)	0.598	0.676	0.532
	(0.052)	(0.089)	(0.067)
Pr(exit pov|got off welfare)	0.439	0.442	0.415
	(0.077)	(0.118)	(0.109)
Pr(exit pov|stayed on welfare)	0.123	0.176	0.070
	(0.044)	(0.121)	(0.024)
Pr(exit poverty)	0.312	0.356	0.254
	(0.054)	(0.091)	(0.070)

*Poverty is defined as a three-year average family income to needs ratio less than one. Single parents are defined as having no spouse present. Welfare recipients are defined as those who receive AFDC or "other" welfare.
Robust standard errors in parentheses.

Table 7
Events Associated with Exits from Poverty between 1981 and 1991

Children in poor families with single parents in 1981	All	Whites	Blacks
Pr(become two-parent in 1991)	0.272	0.462	0.170
	(0.059)	(0.127)	(0.054)
Pr(exit pov|became 2-parent)	0.697	0.576	0.878
	(0.125)	(0.191)	(0.069)
Pr(exit pov|stayed single parent)	0.280	0.211	0.309
	(0.067)	(0.143)	(0.076)
Pr(exit poverty)	0.393	0.380	0.405
	(0.063)	(0.122)	(0.072)
Children in poor families with welfare recipients in 1981			
Pr(getting off welfare in 1991)	0.596	0.621	0.514
	(0.063)	(0.107)	(0.079)
Pr(exit pov|got off welfare)	0.659	0.644	0.565
	(0.080)	(0.130)	(0.112)
Pr(exit pov|stayed on welfare)	0.029	0.000	0.050
	(0.022)	(0.000)	(0.037)
Pr(exit poverty)	0.405	0.400	0.315
	(0.064)	(0.103)	(0.074)

*Poverty is defined as a three-year average family income to needs ratio less than one. Single parents are defined as having no spouse present. Welfare recipients are defined as those who receive AFDC or "other" welfare.
Robust standard errors in parentheses.

Figure 1
Official Poverty Rates in the US--CPS